

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MICHIGAN

In re

SUREFIL, LLC,

Debtors.

Case No. 09-06914
Chapter 11
Hon.

**MOTION FOR ENTRY OF ORDER
AUTHORIZING USE OF CASH COLLATERAL AND
PROVIDING ADEQUATE PROTECTION**

Surefil, LLC, the Debtor in possession (the “**Debtor**”), by its attorneys, Nantz, Litowich, Smith, Girard & Hamilton, pursuant to 11 U.S.C. §363(c)(2), Fed. R. Bankr. P. 4001(b) and LBR 4001-2(a), requests that this Court enter an Order Authorizing the Debtor’s Use of Cash Collateral as set forth herein. In support of this Motion, the Debtor states:

1. The Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on June 8, 2009 (the “**Petition Date**”) and is acting as debtor in possession.

JURISDICTION AND LEGAL AUTHORITY

2. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §157(b). Venue is proper pursuant to 28 U.S.C. §§1408 and 1409.

3. The legal basis for the relief requested is set forth in Section 363 of Title 11 of the United States Code (the “**Bankruptcy Code**”) and Rule 4001 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”).

BACKGROUND

4. The Debtor is a contract manufacturer of liquid fill plastic bottle consumer products such as shampoo, conditioner, mouthwash, bubble bath, body wash and energy drinks.

5. The Debtor currently employs approximately 46 people.

6. The Debtor owes The Huntington national Bank ("**Bank**") approximately \$11,600,000, which is secured by, among other assets, the Debtor's accounts and inventory.

7. No other creditors have an interest in cash collateral.

8. As stated in the accompanying Affidavit of William B. Hunt (the "**Hunt Affidavit**"), as of the Petition Date, the Debtor had cash (excluding payroll account) in the amount of \$10,725.12, eligible¹ accounts receivable in the amount of \$1,173,214 and eligible inventory in the amount of \$2,654,099, representing total current assets of \$3,838,038.12.

ADEQUATE PROTECTION

9. As adequate protection of the Bank's interest in cash collateral, the Debtor offers the following:

A. A replacement lien on the Debtor's postpetition assets co-extensive in scope, rank and priority with the Bank's perfected security interest in the Debtor's prepetition assets.

B. Maintenance of monthly adequate protection payments to the Bank equal to the monthly interest payments at the contractual (non-default)

¹ The term "eligible" means includable in the borrowing base formula in place prepetition between the Debtor and the Bank.

rate called for by the prepetition financing documents existing between the Bank and the Debtor (the “**Financing Documents**”).

C. Compliance with insurance and all other similar collateral protection terms and conditions of the Financing Documents.

D. Maintain a balance of eligible inventory and eligible accounts receivable plus cash on deposit in the DIP general account (less issued and unrepresented debit items) no less than \$3,838,038.12.

RELIEF REQUESTED

10. The Debtor has immediate need to use cash collateral in order to avoid immediate and irreparable harm to the estate pending a final hearing on this Motion. The amount of cash needed by the Debtor to maintain its business operations is set forth on **Exhibit 1** to the Hunt Affidavit.

WHEREFORE, the Debtor requests that this Court enter an Order:

A. Authorizing the Debtor’s use of cash collateral in an amount sufficient to avoid immediate and irreparable harm to the bankruptcy estate pending a final hearing on this Motion;

B. Schedule a final hearing on this Motion; and

C. Granting such other and further relief as may be just or equitable.

Respectfully submitted,

NANTZ, LITOWICH, SMITH, GIRARD & HAMILTON
Attorneys for Surefil, LLC

Dated: June 9, 2009

By: /s/ **Harold E. Nelson**
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